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Major Energy
Task Force

Greater Railbelt Energy & Transmission Corporation (GRETC) Whitepaper

Purposes: GRETC, a private corporation authorized by the legislature, seeks to ensure the adequate, reliable, safe, and stable delivery of energy and wholesale electric power, transmission, and related services to its public utility members at the lowest reasonable long-term cost.

GRETC shall operate on a not for profit basis to acquire, construct, or to operate and maintain power and transmission projects, and to plan for, recommend, coordinate and otherwise address power generation and transmission for electrically interconnected utilities.

GRETC, also, shall be the primary recipient of state financial assistance for the acquisition, construction or development of generation and transmission assets, and ancillary services and assets for its public utility members.

Governance: GRETC is governed by its stakeholders through a Board of Directors comprised of two representatives from each public utility (one board member and the CEO) and a representative of the public, who is appointed by the Governor.

Members: GRETC has voting and nonvoting members. Voting members are the "public utility" members that join GRETC, if they don't, they can be a nonvoting members.

Nonvoting members are other entities (approved by the board) that purchase energy, power and services from GRETC.

Meetings: GRETC Board Meetings are open to members, ratepayers, and the public.

Public Utility Power: GRETC shall have all the powers of a regulated utility except it is exempt from rate regulation and from getting a certificate of public convenience and necessity. Also, GRETC disallowed from making retail energy sales within a public utility service territory.

Required Planning: GRETC must complete an Integrated Resource Plan, a Long-range Fuel Supply Plan, a Long-range Capital Improvement Plan, and a Long-range Financial Management Plan. All plans require that energy, fuel, services, and finances be at the lowest reasonable long-term cost.

Costs: GRETC may assess and collect fees from its members for administrative expenses.

Rates: GRETC, through the Board, may establish schedules of rates and charges for electric power, energy, and services for individual projects. These rates and charges must recover the prudently-incurred cost of producing and transmitting such electric power, energy or other services on a cost of service basis. The board may establish rates and charges for individual projects or uniform rates and charges through procedural rules to protect the interests of ratepayers.

Reports and Publications: GRETC's annual report shall be published on the Internet.

Transparency: GRETC members and ratepayers may examine the books and records of the corporation unless the subject is confidential, a personnel record, or a matter discussed in executive session.

Audit: GRETC must be audited by an independent auditor and the audit report shall be submitted to the legislature.

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GRETC Talking Points
(for GRETC members)

1. GRETC membership is voluntary.
 - a. A Railbelt utility (a public utility) may be a voting member or a nonvoting member of GRETC.
 - b. Voting and nonvoting members choose to participate project by project or to purchase energy, electric power, and services from GRETC.
2. GRETC is a "go forward" organization.
 - a. Generally members will join GRETC to participate in new projects and to collaborate on offering services, however, GRETC may buy or acquire existing assets from members at the discretion of the Board.
3. GRETC is a wholesale provider of electric power and energy.
 - a. GRETC cannot provide retail electric service to consumers located within the territory of a certificated electric utility.
4. The GRETC Board represents stakeholders.
 - a. Public utility members (voting members) are represented by two representatives, a utility board member and the CEO.
 - b. The public is represented by a voting director recommended by the public utilities and appointed by the Governor.

Task Force "Must Haves" for GRETC

1. Four of the six public utilities must join GRETC.
 - At least four public utilities must sign a letter of intent to join GRETC by July 30, 2010 or the corporation cannot be created by statute.
 - This provision ensures that the majority of the Railbelt utilities agree with the purpose of the organization and will actively work to provide energy, electric power and energy, and services to its members.
2. GRETC must be the primary recipient of State grants, guarantees, and loans. ✓
 - This provision ensures that GRETC members are united in seeking and using state grants, guarantees, and loans to build and replace electric generation and transmission facilities for the benefit of the state, GRETC members, and ratepayers.)
3. The governance structure currently in the GRETC enabling statute is preserved.
 - This provision ensures that the stakeholders (the Railbelt public utility members and the public) control the corporation.
4. GRETC be exempt from RCA regulation.
 - This provision ensures:
 - i. Ratepayers will save money, and
 - ii. Ratepayers have public protection via local-control from their elected utility representative.
 - This provision ensures regulation is not pancaked, since most Railbelt utilities are already RCA regulated. (Seward is locally-controlled and thus not subject to RCA regulation.)
 - Because GRETC is transparent (open meetings, books, and records) and membership is voluntary, regulation is unnecessary and is not in the ratepayers best interest.
 - All rates and charges are cost-based. Members are entitled to hearings, written and oral comments, open records, and if needed an appeal process. Excess revenues are returned through an annual true-ups mechanism.
 - GRETC would be similar to the un-regulated Bradley Lake model.

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actual statute
says "proper purpose"